

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

Date: October 28, 2020

Memorandum Reflecting Motions Made and Votes Taken on National Grid's Gas Cost Recovery filing (Docket No. 5066)

On September 1, 2020, The Narragansett Electric Company d/b/a National Grid (National Grid or Company) filed with the Public Utilities Commission (PUC or Commission) its proposed Gas Cost Recovery (GCR) filing. The GCR is filed annually and allows National Grid to adjust its rates for firm sales and the weighted average cost of upstream pipeline transportation capacity. It allows the Company to recover the costs of gas supplies, pipeline and storage capacity, production capacity and storage, and purchased gas working capital. It also permits the Company to account for supplier refund credits, capacity credits from off-system sales, and revenues from capacity release transactions. The GCR rates are effective each year on November 1.

After revising its filing, National Grid proposed rates of:

1. High Load Factor of \$0.5093/therm;
2. Low Load Factor of \$0.5757/therm;
3. FT-2 Demand Rate Usage \$12.3568 Dth/Mth; and
4. FT-2 Storage and Peaking for FT-1 firm transportation customers eligible for TSS \$0.9294 per Dth.

It also requested approval of a Gas Purchasing Incentive Plan incentive of \$48,974, a Natural Gas Portfolio Management Plan incentive of \$694,561.32, and a BTU Factor of 1.029.

On October 19, 2020, the PUC conducted evidentiary hearings.

At an Open Meeting held on October 28, 2020, the PUC considered the evidence and the following motions and votes were made to approve recovery of the costs underlying each of the factors or otherwise specified, unanimously approving:

1. High Load Factor of \$0.5093/therm;
2. Low Load Factor of \$0.5757/therm;
3. FT-2 Demand Rate Usage \$12.3568 Dth/Mth;
4. FT-2 Storage and Peaking for FT-1 firm transportation customers eligible for TSS \$0.9294 per Dth;
5. a Gas Purchasing Incentive Plan incentive of \$48,974;
6. a Natural Gas Portfolio Management Plan incentive of \$694,561.32; and
7. a BTU Factor of 1.029.

The Commission also voted unanimously to:

1. Continue to work with the Division of Public Utilities and Carriers to develop data exchange protocols for the Natural Gas Portfolio Management Plan which provides additional transparency and for more efficient auditing;

2. Require National Grid to work with the Division of Public Utilities and Carriers to develop a plan to diversify its advance hedge purchases to ensure it will accelerate gas purchases when gas prices are low;
3. Continue to track variable costs incurred in meeting peak hour requirements and report in the 2021 Distribution Adjustment Charge (DAC) filing and if those costs are significant to allocate them from the GCR to the DAC.
4. Continue to track incremental costs associated with the peak and if those costs are significant include them in the 2021 DAC filing.

Chairman Gerwatowski moved that 50% of the incremental increases be deferred until a later date and ordered the Company to make a compliance filing by Friday, October 30, 2020, which replaces the factors that were otherwise approved to recover the incremental costs associated with them. He identified this as the “COVID deferral.” Commissioner Gold seconded the motion. The Commission voted 2-1 to approve the motion, with Commission Anthony voting against deferring 50% of the incremental increases. Lastly, the Commission voted unanimously to require National Grid to file a report on the status of the COVID deferral by May 1, 2020.

This Memorandum reflects the motions made and the votes taken at Open Meeting. A written order, to which an appeal may be taken pursuant to R.I. Gen. Laws § 39-5-1, will be issued by the Commission at a later date.